

SCHEDULE 16.1 — FEES

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Exhibits and Appendices

EXHIBIT; APPENDIX	TITLE
Exhibit 16.1-1	Summary by Resource Unit
Appendix 16.1-1a	Sample Calculations
Exhibit 16.1-2	Resource Unit Price Decomposition
Exhibit 16.1-3	Maximum Annual Fee
Exhibit 16.1-4	Application Services Labor Categories
Exhibit 16.1-5	Renewal Fees Summary by Resource Unit
Exhibit 16.1-6	Renewal Fees Decomposition

1. INTRODUCTION

This Schedule 16.1 (Fees), including the Exhibits and Appendices attached hereto, describes the methodology for calculating the charges with respect to the Services provided under the Agreement. The Fees set forth herein represent the total amounts payable by the County with respect to all Services to be performed under the Agreement, whether or not a particular Service is associated with a particular Resource Unit Fee. All capitalized terms used and not defined in this Schedule shall have the meanings given to them in the Agreement or other Schedules. All references to Exhibit 16.1-1 below shall be deemed to be references to Exhibit 16.1-5 for purposes of calculating applicable fees and credits during the Renewal Term.

2. DEFINED TERMS

2.1. Baseline Volume

“Baseline Volume” shall mean, for any Resource Unit, the specified quantities of such Resource Units as set forth in Exhibit 16.1-1.

2.2. Bundled Resource Units

“Bundled Resource Units” shall mean Resource Units indicated on Exhibit 16.1-1 for which the Baseline Volumes and the County’s actual volumes of consumption are each aggregated for the purposes of determining in which Resource Unit Fee band the individual Resource Units in such bundle are to be charged.

2.3. Resource Unit Fee

“Resource Unit Fee” shall mean, for any Resource Unit, the specified charge for such Resource Unit as set forth in Exhibit 16.1-1.

3. EXHIBITS AND APPENDICES

The Exhibits and Appendices set forth in the table of contents above are attached to this Schedule 16.1 and incorporated hereto.

4. TRANSITION SERVICES

Contractor shall perform all Services with respect to Transition on a milestone payment basis as further set forth below.

NO.	TRANSITION CRITICAL MILESTONE	MILESTONE DATE—DATE BY WHICH APPLICABLE CUTOVER MUST BE ACHIEVED	TRANSITION FEES APPLICABLE TO COMPLETION AND ACCEPTANCE BY THE COUNTY OF TRANSITION CRITICAL MILESTONE
1.	Cutover for the Help Desk Service Framework	Effective Date + 90 days.	\$880,637

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No.	TRANSITION CRITICAL MILESTONE	MILESTONE DATE—DATE BY WHICH APPLICABLE CUTOVER MUST BE ACHIEVED	TRANSITION FEES APPLICABLE TO COMPLETION AND ACCEPTANCE BY THE COUNTY OF TRANSITION CRITICAL MILESTONE
2.	Cutover for the Applications Service Framework	Effective Date + 180 days.	\$2,239,340
3.	Cutover for the Desktop Service Framework	Effective Date + 210 days.	\$967,355
4.	Cutover for the Network Service Framework	Effective Date + 240 days.	\$724,512
5.	Cutover for the Data Center Service Framework	Effective Date + 270 days.	\$3,488,663
6.	Full and Complete Transition of all Service Frameworks	Effective Date + 270 days.	\$2,075,127.40

In the event that Contractor fails to meet a Transition Critical Milestone by the Milestone Date set forth above, the County may decrement any amount of Transition Fees applicable to such Critical Milestone reasonably determined by the County to represent the diminishment in value of the Services to the County and not as a penalty.

5. MONTHLY SERVICES CHARGE

Following Cutover for each Service Framework during the Term, Contractor shall calculate, on the last day of each calendar month on either a snapshot or cumulative basis (as indicated in Exhibit 16.1-1), the quantity of Resource Units applicable to such Service Framework that are utilized by the County during that month. Contractor shall report such quantities to the County in accordance with the format described in Section 16.2 and Schedule 5 of the Agreement, together with the supporting information and documentation required under such Section and Schedule. Such quantities shall be used to calculate the Monthly Services Charge as follows:

5.1. For Non-Bundled Resource Units

Except for Bundled Resource Units (which are calculated as described below), the monthly volume of Resource Units actually consumed shall be multiplied by the applicable Resource Unit Fees as set forth in Exhibit 16.1-1 and, if applicable, corresponding to the volume band in which the County's actual volume of consumption falls during such month.

5.2. For Bundled Resource Units

If the County's actual monthly volume for Bundled Resource Units falls between 90% and 110%, inclusive, of the sum of the Baseline Volumes for such Bundled Resource Units, then the actual monthly volume of each Resource Unit in such bundle shall be multiplied by the applicable Resource Unit Fee for the 90% to 110% range as set forth in

Exhibit 16.1-1, even if the actual monthly volume for a particular Resource Unit falls outside of such range.

If the County's actual monthly volume for Bundled Resource Units falls outside the 90% to 110% range described above, then the actual monthly volume of each Resource Unit in such bundle shall be multiplied by the applicable Resource Unit Fee as set forth in Exhibit 16.1-1 corresponding to the volume band in which the County's actual volume of consumption of such individual Resource Unit falls during such month. An example of this calculation is set forth in Appendix 16.1-1a.

6. SERVICE FEES DURING DISENTANGLEMENT

For any termination as set forth in Section 17 of the Agreement and during the period of any Disentanglement of any Terminated Services, the County shall only pay the Resource Unit Fee for the 90% to 110% range for such Resource Unit, and not any Resource Unit Fees in any other band for such Resource Unit.

7. VOLUMES OUTSIDE OF EXISTING BANDS

If, in any Contract Year, the County's actual consumption of (1) any Resource Unit that is not a Bundled Resource Unit is (i) greater than one hundred thirty percent (130%) of the Baseline Volume for such Resource Unit or (ii) is less than seventy percent (70%) of the Baseline Volume for such Resource Unit, or (2) any set of Bundled Resource Units, is (i) greater than one hundred thirty percent (130%) of the sum of the Baseline Volumes for the Resource Units in the same group of Bundled Resource Units as indicated in Exhibit 16.1-1 or (ii) is less than seventy percent (70%) of the sum of the Baseline Volumes for the Resource Units in the same group of Bundled Resource Units as indicated in Exhibit 16.1-1, then the Parties shall negotiate in good faith new pricing bands, as applicable, for such Resource Unit(s). While such negotiations are pending, the County's consumption of such Resource Units shall continue to be invoiced at the then-current Resource Unit Fees for such Resource Unit(s) until the Parties establish new pricing bands for such Resource Unit(s).

8. ADDITION AND DELETION OF RESOURCE UNIT VOLUMES

Resource Units may only be added or deleted to the County's volumes pursuant to a written acceptance of the addition or deletion of a Resource Unit executed by an authorized representative of the County. For the purposes of added Resource Units, Contractor may charge the County for such Resource Unit commencing on the date the Contractor obtains a signature from an authorized representative of the County confirming the County's acceptance of the delivery and/or installation such Resource Unit. For the purposes of deleted Resource Units, Contractor shall no longer charge the County for (and the County shall have no obligation to pay for such Resource Unit) as of, and after the date that the County submits a Work Request for the deletion of such Resource Unit(s) that is executed by an authorized representative of the County.

9. ADDITION OF RESOURCE UNITS

From time to time during the Term, the Parties may add new categories of Resource Units upon mutual written agreement.

10. PAYMENTS TO AND FROM THIRD PARTIES

The County will make payments directly to third parties, rather than Contractor, with respect to the Retained Assets.

11. TELEPHONE CALL RATES: ON-NET, OFF-NET LOCAL, OFF-NET TOLL, OFF-NET LONG DISTANCE RATES, INTERNATIONAL CALLS, AND TOLL FREE 800 SERVICE

Telephone call rates are based on a per-minute rate, or some portion thereof, and the distance from the caller to the location called.

On-Net Calls are calls placed between County Locations and shall be billed at zero cents per minute.

Off-Net Local Calls are calls placed from County Locations to non-County locations within 16 miles of the County Location from where the call is placed.

Off-Net Toll Calls are calls placed from County Locations to non-County locations beyond 16 miles from the County Location from where the call is placed but within San Diego and Imperial Counties.

Off-Net Long Distance Calls are calls placed from County Locations to locations outside San Diego and Imperial Counties. Long Distance Call rates are further subdivided into calls placed to locations within California or the U.S.

International Calls are calls placed from County Locations to locations outside the U.S. and its territories.

Toll Free 800 Service are calls that are placed by the public to County Toll Free 800 numbers and billed to the County. Toll Free rates are further subdivided into calls placed from San Diego and Imperial Counties, California and the U.S.

Casual Use Calling includes collect calls, person-to-person calls, person-to-person collect calls, remote calls, operator assistance calls, 3rd party calls, dial one calls, dedicated calls and other miscellaneous calls.

Conference Bridge Calls are calls placed to an audio and Web document sharing conference services that allow multiple people participation and is controlled by a unique access code.

Directory Assistance Calls are calls placed to obtain a listed telephone directory number.

Pay Phones located at County facilities provide for the public's convenience, which are required by statute.

The actual costs will be based on the actual rates for the service description set forth in Exhibit 16.1-1.

12. OPTIONAL ITEM PRICING CATALOG (OIPC)

12.1. OIPC

As described in Schedule 4.3, the Contractor will provide and maintain an On-line Optional Item Pricing Catalog (OIPC). The County will purchase items as well as training Services listed and described in the OIPC. The OIPC will be established by the Contractor as described in this Section 12. The County shall request any items or training in the OIPC by submitting a Work Request. The County is responsible for payment of costs associated with OIPC acquisitions (including training costs associated with End-User training). The Contractor will invoice the County the actual cost of the OIPC item plus a 10% handling charge on the actual cost of such OIPC item. This handling charge represents the Contractor's actual administrative and procurement cost associated with the acquisition of the OIPC item on behalf of the County. The County may, in its sole discretion, offer the Contractor an opportunity to establish the price and other terms for the procurement of optional hardware and software requested by the County. The County shall then determine, in its sole discretion, whether Contractor's proposed price and terms reflect the most favorable price and terms (including warranties and discounts) otherwise available. If Contractor's proposed price and terms are not the most favorable, Contractor shall have the opportunity to meet or beat the best price and terms discovered in the market by the County.

12.2. Desktop Applications Directory in the OIPC

For any and all Services related to version updates to the Desktop Applications listed in the OIPC, Contractor will perform any and all such Services pursuant to a Work Request in connection with such Desktop Application for a flat fee in an amount equal to One Thousand Four Hundred dollars (\$1,400) for each such application, and Contractor shall be responsible for any and all costs associated with such activities for such application beyond the One Thousand Four Hundred dollars.

With respect to Services performed in connection with a new Desktop Application added into the County's environment via the OIPC, the County shall pay \$2,450.

The intent of the Parties is to reasonably limit the number of Desktop Applications supported by the Contractor. The baseline number of Desktop Applications to be included in the OIPC (the "Desktop Application Baseline") shall be four hundred forty (440) applications and shall exclude Desktop Applications required to ensure connectivity (e.g., drivers) to the standard Desktop and basic functionality of Optional Standard Hardware. The Parties will determine the monthly average number of Desktop Applications in the OIPC on December 31st of each Contract Year. Should the monthly average number of Desktop Applications in the OIPC exceed or fall below the Desktop Applications Baseline, the Parties agree to adjust each of the Resource Unit Fees for

Standard PC, Laptop, CalWin PC, CWS/CMS PCs, Terminals and Tablet PCs (collectively, “Personal Computing Services Resource Unit Fees”) for the upcoming Contract Year as follows:

Actual Number of Desktop Applications in the OIPC	Fee added to or subtracted from each Resource Unit Fee in the B1 Bundled Resource Unit Fees
291-340	-\$2.00
341-390	-\$1.00
391-440	\$0.00
441-490	\$1.25
491-540	\$2.50

Whether a Desktop Application is to be counted toward the 440 application threshold will be determined by the County in its sole discretion. Factors that the County will consider as indicative of Software that is to be counted toward the application threshold include: (i) the Desktop Application executes solely on the desktop (e.g., not a client piece of a C/S application, or a pass through application for a PDA); (ii) the Desktop Application is a unique application as opposed to a different version of the same application (i.e., multiple versions of the same application will not be counted more than once); (iii) the Desktop Application is not a driver or other Software required to enable accessory hardware to properly operate; (iv) the Desktop Application is not a font or a font set; (v) the Desktop Application is not part of the Core Software for the Standard PC, Laptop, or Tablet PC; (vi) the Desktop Application is not among the Software and clients supported in the Applications Portfolio; (vii) the Desktop Application is not management Software, tools or utilities that the Contractor installs to provide the Services; and (viii) the Desktop Application is not an application utility that is used to install or delete other applications that execute on a Blackberry, PDA, or similar handheld device.

13. CAPITALIZATION AND DEPRECIATION

Except for Shared Resources, all such acquisitions shall, for purposes of the County’s rights upon Disentanglement pursuant to Section 6.3.6 of the Agreement be capitalized, accounted for, and depreciated by Contractor in accordance with the guidelines set forth in herein, without regard to the actual method of acquisition (i.e., whether by purchase, lease, or other method of financing).

13.1. Capitalization

Assets used to provide the Services shall be capitalized as follows:

- Computing Hardware – mainframe, server, printer, and PC hardware are capitalized and depreciated if the cost is \$1,500 or greater and the useful life is greater than one (1) year. Computer workstation components are typically grouped as a system to determine the capitalization threshold. Capitalized amounts include equipment cost, sales tax, shipping, and installation.

- Computing Software – capitalized and depreciated if the cost is \$1,500 or greater and the useful life is greater than one (1) year. Operating system Software that is required to make a system functional is capitalized as part of the system. Capitalized PC and server Software is depreciated over the life of the hardware asset. Capitalized amounts include Software cost, sales tax, shipping, and installation.

- Voicemail and Network Infrastructure – hardware and software for telephone, voicemail, SONET ring circuit, and fiber equipment are capitalized and depreciated if the cost is \$2,000 or greater and the useful life is greater than one (1) year. Capitalized amounts include equipment cost, sales tax, shipping and installation.

- Leasehold Improvements – are capitalized if the project is \$25,000 or more and depreciated over the shorter of the estimated useful life of the improvement or the life of the lease.

- Furniture – free-standing furniture and fixtures are capitalized if the cost is \$1,500 or greater and the useful life is a minimum of two (2) years. The assets must also be identifiable and controllable.

13.2. Depreciation

Assets used to provide the Services applicable to a Resource Unit shall be depreciated using the straight line method over the number of years indicated in Exhibit 16.1-1 for such Resource Unit.

END OF SCHEDULE

EXHIBITS AND APPENDICES TO FOLLOW